



Seattle Municipal Code (SMC) Chapter 5.37

**EMPLOYEE HOURS TAX COMPUTATION WORKSHEET**

Legal Name: \_\_\_\_\_

Customer No.: \_\_\_\_\_

**Instructions for completing the worksheet** (Please read carefully)

1. This worksheet is designed to assist you in calculating your employee work hours and number of employees (or Full Time Equivalents (FTEs)) that are subject to the employee hours tax. Use this form to compute the tax and decide which tax computation method you will use. Except for the opening and closing years of business, you will be required to select and use one method unless you receive permission from the director to change to the other method. **Please submit a completed copy of this worksheet with the Employee Hours Tax form.**

2. **Employee work hours exclude vacation and sick leave hours.**

3. **To qualify for a deduction from the employee hours tax, 80% or more of the employee's roundtrip commute trips must be made using a qualifying commute mode.** An alternative work schedule or compressed work week such as four "10 hour days," which reduces the number of roundtrip commutes by one trip a week will equal one roundtrip using an alternative commute mode. Another example of an alternative work week is a 9/80 schedule - A person working 9 days in 2 weeks would receive credit for 1 day for each 2 week period as an alternative commute mode.

4. If an individual employee qualifies for a deduction, then all of that individual's work hours are exempt from taxation.

5. If an employee only spends part of their work hours in Seattle and works elsewhere also, then the employee is a transient employee and only their Seattle hours should be included in the part-time employee calculation.

6. If you complete this form electronically, the worksheet will calculate the tax automatically as the number of employees and hours are input. Any initial values displayed will change as you input data.

**Computing Employee Hours and Full-time Employees/Equivalents**

**I. Full-Time Employee Hours**

	<u>Line</u>	<u>Employees</u>	<u>Work Hours</u>
1 Total number of full-time employees and their total number of work hours.	1	_____	_____
2 Number of full-time employees (and their total number of work hours) that qualify for a deduction by using public transportation (e.g., buses, rail, and ferry service as a "walk-aboard") carpools, registered vanpools, or non-motorized commutes (e.g., walking, biking, alternative work week or compressed work schedules).	2	_____	_____
3 Subtract line 2 from line 1. Total number of taxable full-time employees and their total work hours.	3	_____	_____

Complete the worksheet on page 2

**II. Part-Time (or Transient) Employee Hours and FTE Calculation****Line Employees Work Hours**

- |   |   |   |       |       |
|---|---|---|-------|-------|
| 4 | Total number of part time employees and total number of their work hours.   | 4 | _____ | _____ |
| 5 | Number of part time employees taking public transportation (e.g., buses, rail, and ferry service as a "walk-aboard") using carpools, registered vanpools, non-motorized commutes (walking, biking, alternative work week or compressed work schedules). | 5 | _____ | _____ |
| 6 | Subtract line 5 from line 4. <b>Total number of taxable part-time employees and their total work hours.</b>   | 6 | _____ | _____ |
| 7 | Divide the number of Work Hours in line 6 by 960 hours.*<br>(Round up to the nearest whole number) <b>This is your full-time equivalent.</b>  | 7 | _____ |       |

**Calculating the Employee Tax Hours (choose one method)****III. Tax Calculation using Employee Hours Method**

- |    |  |    |       |       |
|----|--|----|-------|-------|
| 8  | Add work hour amounts from lines 3 and 6. <b>This is your total number of taxable paid hours worked by employees.</b>                    | 8  | _____ |       |
| 9  | <b>Gross tax due.</b> Multiply line 8 by the employee hours tax rate of \$0.01302.   | 9  | \$    | _____ |
| 10 | Take tax credit of up to \$50. <i>(Credit may not be more than gross tax due in line 9.)</i> Every taxpayer is eligible for this credit. | 10 |       | _____ |
| 11 | Subtract line 10 from line 9. <b>Total employee hours tax due.</b>   | 11 | \$    | _____ |

**IV. Alternative Tax Calculation using Full-Time Equivalent Method**

- |    |   |    |       |       |
|----|---|----|-------|-------|
| 12 | Add employee amounts from lines 3 and 7. This is your total number of full-time employees and part time FTEs subject to tax.              | 12 | _____ |       |
| 13 | Gross tax due. Multiply line 12 by the FTE tax rate of \$12.50.*  | 13 | \$    | _____ |
| 14 | Take tax credit of up to \$50. <i>(Credit may not be more than gross tax due in line 13.)</i> Every taxpayer is eligible for this credit. | 14 |       | _____ |
| 15 | Subtract line 14 from line 13. <b>Total employee hours tax due.</b>   | 15 | \$    | _____ |

\*For 2008, you will have to download a new worksheet with computations for a full year.

**This worksheet is NOT the Employee Hour Tax form.**  
**FAILURE TO SUBMIT THE TAX FORM WILL RESULT IN A DELINQUENCY.**  
Please submit a COPY OF THIS WORKSHEET with the tax form.

If you have not received the Employee Hours Tax form, please call or send an email request within two weeks prior to the due date, to avoid penalties and interest.  
email address: [rca.bizlict@seattle.gov](mailto:rca.bizlict@seattle.gov) Information line: (206) 684 – 8484

**For additional answers to frequently asked Employee Hour Tax questions, please select the link below.**  
<http://www.seattle.gov/rca/taxes/EmployeeHoursTax.htm>